



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

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Janet Napolitano
Governor

David A. Berns
Director

July 5, 2006

WIA Guidance Letter # 13-06

Subject: A-133 Audit Monitoring Process

References: P.L. 105-220 Section 184 and 185; 20 CFR Sections 667.200(b) and 667.500(a); Title 29 CFR Sections 95.26, 95.73, 96.53 and 97.26; Office of Management and Budget (OMB) Circular A-133, dated June 24, 2003; DOL One-Stop Comprehensive Financial Management Technical Assistance Guide dated July 2002.

Purpose: This Guidance Letter requires that all sub-recipients expending Workforce Investment Act (WIA) Title I B funds comply with the Single Audit Act requirement contained in OMB Circular A-133.

Background: The Employment Administration/Workforce Investment Act Section (EA/WIA Section) requires all sub-recipients of WIA Title IB funds to meet the audit requirements specified in OMB Circular A-133 and all regulations cited above. Federal agencies must apply the OMB circular requirements to nonfederal entities that expend a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year and shall have either a single or program specific audit. Nonfederal entities that expend less than \$500,000 a year in federal awards are exempt from federal audit requirements for that year, except as noted in Subpart B Audits, §.215(a), but records must be available for review or audit by appropriate officials of federal and state agencies and the General Accounting Office (GAO).

Policy:

1. The A-133, single audits are due to the Department of Economic Security (DES), Audit Management Services (AMS) nine (9) months after close of the sub-recipients fiscal year, which vary by sub-recipients. EA/WIA Section will monitor those dates and contact AMS at the end of the period to confirm receipt or non-receipt of the A-133 audit report.
2. In the case of non-receipt, the EA/WIA Section will send a certified letter to the sub-recipient Program Director advising of the non-compliance by their organization to the Single Audit Act. The letter will require a response within fifteen (15) days as to the status of their audit.

3. If there is no response from the sub-recipient, the EA/WIA Section will generate a second letter, within thirty (30) days and advise the sub-recipient that necessary action under policy WGL #04-02 will be taken. Such action can and may include, freezing of WIA Title I B Federal Grant funds until compliance with the Single Audit Act requirements is accomplished.

Note: During the EA/WIA Section's annual fiscal monitoring review visit, a review of the Single Audit will be performed. If the Single Audit Act Report is not available, it will be noted as a finding in the sub-recipient findings report letter. If the single audit is currently being conducted, or the sub-recipient is waiting for the report, rectifying issues contained within the report or the audit has not been completed, the EA/WIA Section will not close out the annual fiscal monitoring review. The annual fiscal monitoring review will only be closed after the A-133 audit is completed and all issues rectified.

Action Required: All sub-grantees of the State of Arizona, Local Workforce Investment Areas (LWIAs), sub-recipients and/or service providers, expending WIA Title IB grant funds shall comply with Federal and State audit requirements. This Guidance letter shall be distributed to all appropriate staff and to individuals responsible for WIA Title IB grant funds, LWIB members and sub-recipients.

For questions or assistance related to this policy, please contact Roderic (Rod) Webb, Fiscal Manager at 602-542-2474 or email at RLWebb@azdes.gov.

All WIA Guidance Letters are posted on the WIA website at <http://www.azdes.gov/wia>.

Sincerely,

A handwritten signature in black ink, appearing to read "Lela Alston". The signature is written in a cursive, flowing style.

Lela Alston, Manager
Employment Administration
WIA Section